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MYTHS ABOUT PEOPLE AT WORK:
A CRITIQUE OF HUMAN-RESOURCE MANAGEMENT

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For the last five years, 1975 - 1980, I have taught human-resource management to graduate students, managers, and executives, but something felt wrong. During the period the topic of human-resource management exploded in popularity in large organizations around the world. Continuous requests for consulting came to me and I watched my peers in industry and in full-time consulting make large salaries, but still something felt wrong. A basic conflict grew between what I had learned about organizations from empirical research and what I taught my students from personnel textbooks. Professors of organizational behavior in business schools have created and perpetuated a series of myths about people at work. The purpose of this paper is to summarize briefly the mythology of human-resource management and to describe the contradictory empirical reality. At the conclusion, I will summarize the common elements of the mythology, propose a political explanation for the specific content of myths, and suggest an alternative system of human-resource management.

Methodology

This paper sets out a personal research agenda for the next year. Therefore, I state my best understanding of empirical reality as a contrast to each myth. Next year I will report how completely the world supports my interpretation. I welcome any evidence on these subjects, whether it be scholary research or anecdotes of organizational practice. Of course, please don't cite this paper as <u>evidence</u> against popular myths, however plausible my argument may sound. The report of my research will be more cautious, lengthier and better documented than this polemic.

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MYTHS ABOUT HUMAN-RESOURCE MANAGEMENT

1. Large Organizations Practice Human-Resource Planning.

A new breed of human-resource specialist has emerged in the last few years, "the human-resource planner" complete with a professional society, annual meetings and an academic journal, (Human-Resource Planning, 1977). Human-resource planning connects the human-resource systems—recruitment, training and promotion—to long-range organizational strategy. Through planning, the appropriate human resources (people) should be on hand to meet changing organizational requirements in the future. An explicit advantage of this discipline is to minimize shocks on organizational members caused by planned changes: technology, products and markets.

Two big problems confront this myth, one conceptual and the other mundane. In the first place, the United States is, at least to some extent, a market economy, not a government-planned economy. Individual firms reap the fruits of their comparative economic advantages and suffer the consequences of economic miscalculations as well. The recent experience of the gigantic Chrysler Corporation demonstrates the futility of workers relying on corporate viability as protection for their jobs, salaries or pensions.

However, owners and managers of large firms long ago figured out how to deal with uncertainty in the product market. Chandler (1977) in his recent book The Visible Hand describes, for example, how the Dupont family decided against trying to monopolize the market for explosives. Since only 70% of product demand could be counted upon through economic downturns as well as boomtimes, the company decided explicitly never to seek a larger share. Rather Dupont and all other monopolists or oligopolists have left the remaining thirty percent to smaller firms who prosper in good times and suffer in bad.

Piore (mimeo) has formulated a general proposition relevant to human resource planning. Large firms, he argues, leave the uncertain fluctuations in demand to small firms who in turn provide unstable, generally demeaning work to the disadvantaged groups in the society: women, minorities and the young. These jobs offer low pay, little training, no promotion, arbitrary discipline and constitute the "secondary" labor-market. By contrast, the larger firms satisfy the constant demand (70%) in the industry and provide "primary" labor-market jobs. Primary jobs offer better pay, training on the job, some advancement and due-process protection against arbitrary discipline.

At the most general level then, the planning of human-resource opportunities for workers is the consequence of product market decisions made by a number of employers more or less independently in order to deal with uncertainty in the product market and maximize return on their investment. Such decisions are <u>not</u> in the control of one firm. Thus human-resource planning in a capitalistic market economy is a contradiction.

The second problem with the myth of human-resource planning is more mundane: it just doesn't amount to much in practice. Two years ago, we studied the human-resource planning efforts of three large private sector employers. (Driscoll, Edwards, Kilafer and McCann, in press). Our findings can be summed up in a word: smokescreen.

Financial considerations dominated the long-range planning effort in each of the three firms. The human-resource considerations in two of the three were strictly secondary, despite their reputations for sophistication in this field. For example, in one company, if divisional human-resource projection failed to conform with the financial projections of corporate managers, the planning staff simply changed their numbers at corporate headquarters. The new numbers never sifted back to the divisions, so it is difficult to imagine how much the

final "human-resource plan" affected operations. In the second firm, the financial plan preceded the human-resource plan each year, so the financial estimates dominated subsequent human-resource projections. The third firm, to its credit, gave substantial power to its human-resource staff, but again financial considerations predominated.

2. Job Evaluation Plans Determine Objectively How Much the Holder of a Given Job Should be Paid.

Like so many other human-resource management systems, job evaluation blossomed under government pressure during World War II. Salaries had to be set without allowing workers to earn as much money as their labor power could earn during a war-induced, full-employment economy. Various systems for assigning value (points) to jobs based on job characteristics (factors) such as responsibility, effort and skill emerged. Today they still determine in an allegedly objective way how much a given job is worth. Of course, the pay of a specific worker in such a plan depends on other facts such as his or her time on the job.

The best-known job evaluation system is the main product of a large- consulting firm of the same name, Hay Associates. The scientific basis of this system is the more or less durable psychological finding that workers only notice about a 15% change in salary. Smaller differences are not much noticed. Therefore, all the complicated steps and grades in the Hay System are based on 15% increments.

The fallacy in the Hay reasoning is apparent. Here is a system designed to measure objective job content, but based on workers' subjective perceptions. Therein lies the empirical refutation of the job-evaluation myth. At bottom, the plans reflect, as accurately as possible, the shared norms in a given

culture (generation, community or ethnic group) about the relative importance or value of different jobs. No competent job-evaluation practitioner would present to management a proposed pay plan without testing it and modifying against the opinions and feelings of the workers. Indeed, a committee serves exactly that purpose in the Hay System. Eliot Jaques makes this subjective, cultural basis of job evaluation explicit in his own system of job evaluation. (Jaques, 1961).

The next few years promise a dramatic defense of job evaluation as specialists attempt to conceal the subjective nature of their craft from the Equal Employment Opportunity Commission. The Commission is worried because the subjective norms of our culture have always assigned higher value to male jobs than to female jobs. To cite a recent court case, janitors (men) in a hospital earned more on a job-evaluation plan than did nurses (women). Because of the "objective" nature of the salary plan, the Court upheld the pay differential, (Lemons et al vs City and County of Denver, 1978).

Therefore, job evaluation simply routinizes cultural, often discriminary, stereotypes of what given jobs are worth. It is a conservative influence that as often contradicts as reflects the supply and demand of labor for the different occupations (as the example of nurses confirms; nationally they are in short supply). It is pseudoscience at best.

3. Large Employers Recruit Widely for the Best People Available.

A staggering array of institutional mechanisms support this myth. Want ads advertise jobs in the newspapers; state employment agencies maintain banks of job openings; indeed, welfare recipients can lose their benefits if they fail to consult job banks.

Of course, the facts of recruiting contradict this myth. Anyone who has ever looked for or filled a job knows the reality. Only the most difficult

jobs to fill ever get such wide publicity—the lowest-paid, most menial jobs and the highest-paid, most prestigious positions. Almost all jobs in business are filled by informal means—word of mouth, personal contacts, and special school-employer relationships built up over time (Dyer, et al). An interview with a Dupont plant manager in yesterday's Wall Street Journal (July 14, 1980) summed up the philosophy of U.S. employers: "We hire the best employees we can find—and their families". If we assume the all-American family of four, then that's three informal references to one wide search—an estimate that squares with my my experience and the studies I have found to date of how people find jobs.

If we extrapolate Piore's distinction between primary and secondary labor markets into the firm, we find an internal labor market. The market within the organization determines how most jobs are filled by large employers. (Doeringer and Piore, (1970). They are filled from among current employees according to well-known, usually formalized rules. For example, machine operators are promoted from expeditors, setup men for several machines are promoted from current operators. However, internal labor markets only display such vertical movement by promotion in the primary labor market. In the secondary labor market (hotels, dry cleaners, temporary office agencies, etc.) there is little promotion or upward mobility. Jobs exist at one level and are filled externally. Thus the reality of recruiting is a closed and highly structured process, except for the least attractive jobs. So reality contradicts the recent rash of books and training programs on how to quit and move to a better job. To their credit, some consultants provide an accurate description of the recruiting process and counsel their participants to keep away from want ads and the employment agencies. They suggest, more realistically, the cultivation of informal contact with people where jobs may open up in the future. However, the contradiction between their description of reality and

their purpose is clear. The United States is not an open market for labor. The best predictor of the job you will have next is the job you have now.

3. Psychological Testing Allows the Selection of the Best Person for the Job.

The mainstay of industrial psychology—that is psychologists serving large work organizations—is the development and administration of standardized tests of ability and personality to select from many job applicants the successful candidate. Such testing originated—again like many personnel practices—in support of the federal government's war efforts, in this case selecting draftees for World War I.

The most sophisticated example of selection testing is the assessment center for managerial candidates pioneered in the private sector by AT&T, but modeled on the Office of Strategic Services method for picking spies in World War II. The assessment center is a battery of tests—written and behavioral—lasting several days and tailored in most cases to picking candidates who closely resemble successful managers in the organization where it is applied. By contrast, the most simple-minded form of testing relies on general psychological tests to determine "suitability" for top management positions. For example, the Thematic Apperception Test purports to reveal deep-seeded personality characteristics through the interpretation of ambigious pictures.

At present, very few large employers rely heavily on such tests, for the most compelling of reasons. With rare exceptions, they don't work. The Equal Employment Opportunity Commission nearly eliminated this human-resource management system by requiring some evidence of its results. In the past, few employers bothered to check whether their testing programs selected applicants who performed any better on the job than applicants who failed the test. The dependable result of many tests was the selection of fewer blacks, females and Spanish-speaking Americans. The reasons for such discriminatory impact are

multiple and poorly understood, but the result from the employer's persepctive was a relatively homogeneous workforce in the permanent jobs and the assignment of minority groups to jobs with low pay and undesirable working conditions. Although the reasons are poorly understood, they certainly include some elements of racism and sexism in employer stereotypes of the economic value of different workers.

Psychological research had questioned the fundamental assumptions of employment testing long before the government intervened. Walter Mischel, a Stanford Professor, reviewed all the evidence available in the mid-60's and concluded that personality tests rerely predicted specific behavior in any situation, even the most trivial, (Mishel, 1968). Despite the preponderance of evidence many industrial psychologists to this day use such personality tests to advise employers in the selection of top managers. There the risks of exposure and lawsuits are small given the individual nature of the application. By contrast, the threat of class-action suits based on the requirement for evidence of differences in job performance laid down by the Supreme Court decision in Griggs vs. Duke Power has terminated most widespread testing at lower levels.

The assessment center almost alone has withstood the scruitiny of the courts. When AT&T had to modify almost all its job selection practices in a consent decree resulting from charges of race and sex discrimination, the court accepted AT&T's evidence for the validity of the assessment center, (Wallace, 1975). The reasons for the centers' ability to predict success for managers are clear. The center is an accurate simulation of a wide range of behaviors--leading group discussions, processing mail and telephone calls, interviewing--specifically modeled on managers currently succeeding in the organization in question. As Mischel's review suggested, such close simulations predict behavior most effectively.

What remains to be challanged is whether the behavior of existing mangagers is somehow desirable or related to the economic success of the firm. That topic

will be discussed in the section on performance appraisal.

5. Never Hire Anybody Without an Interview--Face-to-Face Contact is the Best Test of Character.

A special word must be said about the employment interview as a form of test for a potential job applicant. The word is "poppycock". There is no evidence that the typical manager or personnel department clerk can learn anything about job applicants in an interview that will predict their success on the job. Reviews of the massive evidence in support of this proposition are prepared every few years. Nonetheless the practice persists.

The reasons for interviewing a potential subordinate are obvious, but have nothing to do with job performance. An interview allows the boss to determine if he or she would enjoy working with the applicant. Do they share common interests, hobbies, philosophies about the job? In addition, much like a dog urinating to mark its territory, the interview makes clear, from the onset, the power relationship between the boss and the subordinate. Such a personal power relationship lasts as long as the people work in the same organization.

In fairness to the discipline of industrial psychology, it must be mentioned that interviews can be used to predict job performance (Ghiselli, 1966). However, the process requires the same detailed development of specific questions as do assessment centers and computer analysis of the results. As a consequence, interviewers are rarely if ever used in this professional manner.

6. Training Prepares People to Succeed at Jobs.

Training, especially for managers and technical workers, is a multi-billion dollar industry. The exact total is difficult to estimate because few employers account for the total costs of training. Rarely for example, do they include the salaries of participants in the cost of training. Moreover, my

recent visits to large private-sector employers show a vast increase in training efforts.

However, repeated studies by labor economists show that people learn their skills on the job and not in training. Even employees' estimates of the skills learned in school and training (certainly inflated to justify the time and money spent in the effort) rarely approach 50%, (Berg, 1970).

Indeed, most explanations of the failure of the Great Society's training programs for the disadvantaged rest on the marginal impact of training. The way to develop the skills of the disadvantaged—according to both liberals and conservatives—is to get them real jobs where they can develop their skills. Techniques to accomplish this end vary: some economists favor incentives to private employers; other emphasize affirmative action. But the implication is the same. Training does not prepare people for jobs, jobs prepare people for jobs.

Another mundane fact supports this grand conceptual insight. Employers rerely try to assess the economic payoff of training. At best, they ask the participants if they enjoyed the training. I have never in practice found a training program's costs evaluated against its impact on production costs or sales revenues. Such assessments occasionally appear in the academic research, usually with the qualification that the research was not part of the employer's decision-making process.

7. Performance Appraisal is Necessary to Reward Effective Workers.

Performance appraisal, according to my colleague Ed Schein (1978), means employer practices designed to 1) describe worker behavior on the job, 2) compare the behavior to some standard of acceptability, and 3) evaluate the behavior as meeting, failing, or exceeding the standard. Most frequently it involves a yearly interview by a manager with his or her subordinates to

review the subordinates' behavior (rarely the manager's), based on a written form provided by the personnel department. The results of the appraisal are used, to varying degrees, to determine the subordinates salary increases, chances for promotion, career plans, and areas for performance improvement. Like most of the human-resource systems described in this paper, performance appraisal supports an array of consultants who advise managers on how to overcome their own fears and subordinate's resistance to this process. Some counsel separation of salary judgements from performance feedback; others develop specific questionnaires to describe subordinate performance; all tinker with the system rather than questioning its assumptions.

The fundamental assumption of performance appraisal is false: there is no such thing as objective performance which can be described, much less appraised. This is not a new assertion. Of all the unlikely places, Harvard Business School supported a study in the 1950's which concluded that performance or what the authors called "productivity" was a political concept, (Zaleznik, A., Cristensen C.R., and Roethliberger, F.J., 1958). Performance is the judgement a manager applie to a subordinate. It has no meaning apart from that power relationship. As a test of the proposition, the reader should ask any manager to appraise his or her <u>own</u> performance. He or she will immediately begin to waffle, citing the ambigious nature of his or her responsibility and the difficulty in connecting specific results with their actions. Recurring surveys of workers—managers and non-managers alike--reveal that 75% feel their performance is <u>above average</u>.

It is extremely difficult for two managers to agree on the relative performance ratings of the same individual. My own attempt to measure the extent of agreement took place in a small (135 people) high-technology job shop where everybody knew everybody else. I asked two managers who felt comfortable with their knowledge of each particular workers' job activities to rate the worker's performance. The correlation was .16 indicating that knowing one manager's

rating would improve on a random guess of the other manager's rating by 2%. Such results are common, even in highly-structured research projects.

The ways organizations cope with this conflict between the assumptions of performance appraisal and reality are two-fold. First, they have groups of managers meet to reach a "consensus" about an individual worker's performance. As anyone who has participated in such meetings can testify, they quickly degenerate into explicity political horsetrading over those judgements that really matter--promotions, extra salary increases, layoffs. (Most assessments are non-controversial as will be discussed in the section on merit salary increases). The critical factor is not how the person performs but how influential his or her sponsor is relative to other managers.

The other tactic used by organizations to show up performance appraisal is to gather multiple measures of the results of an employee's efforts during the year. Professors' publications are counted as are engineers' patents, and a managers' unit may generate a hundred separate descriptions—profit, total cost, cost per transaction, accidents, etc. Industrial psychologists have formalized this distinction between behavior (what the manager, for example, actually does, such as who he or she talks to, how long they talk, what is said) performance (the organization's assessment of the behavior) and effectiveness (the actual impact of behavior on results the organization values, such as profit, sales revenue etc.), (Campbell, Dunette, Lawler and Weick, 1970). The authors concluded that a large number of factors outside the manager's control influence effectiveness, other than his or her behavior. Examples might include economic conditions, supplies, and strikes. The list varies by job, but is endless. Therefore, using measures of effectiveness without considering outside factors is a meaningless assessment of individual behavior.

In practice, multiple measures of performance are used in the same political assessment described above. Managers emphasize the specific effective-

ness measures that support their subjective assessment of the subordinate under review. An interesting example of the results of such juggling of effectiveness measures can be found each year when Business Week compares the raises granted to chief executives of private companies with the change in profits for their firms. Invariably there is little or no connection. The respective boards of directors must be able to find some measures of effectiveness in their performance appraisal reviews to justify the bonuses.

What is the effect of performance appraisals in action? Sennett and Cobb,1972, two radical sociologists, have summarized the impact of systems designed to reward individual performance on those who are evaluated negatively. Since the system is described as meritocratic, failure is accepted by the worker as his or her own personal fault. There is no resentment of the evaluation system, as might be expected for an explicitly arbitrary system such as inheritance of positions or promotion based on the college attended. As a consequence, Sennett and Cobb find deep seated frustration, self-hate and resentment of one's own family in blue collar workers underlying the superficial expressions of job satisfaction found in most attitude surveys. (Usually about 70% of any group of workers will say they are satisfied with their job or would take the same job if they had it all to do over again).

But what about the winners in this political lottery? Since the system is meritocratic, there must be something about them and what they do on the job that sets them apart from those people who do not get promoted (or, get large salary increases or get special training). Indeed, one might argue that peace of mind for a successful manager depends on his/her retrospectively to impute personal causality to essentially random events or political connections. Rather than encouraging identification with other workers or raising questions about the legitimacy of the current organizational distribution of power and resouces, performance appraisal systems insure that upwardly-mobile managers

believe profoundly in both the fairness of the system and their own right to control it.

8. Merit Salary Plans Reward Top Performers

Merit salary refers to the practice of giving workers (usually managers and other nonunionized people) different sized pay raises (usually each year) to reward them for performance. The alternative is a straight across-the-board increase for all workers (usually as a percentage of base pay, but sometimes a fixed dollar amount). The latter case may result from union contracts geared to prevent high-paid workers from increasing their advantage over the low-paid workers).

Given the preceding discussion about performance as a political concept, it's clear that there's less to merit salary than meets the eye. In fact, Fred Foulkes, while he was at Harvard Business School, surveyed large non-union companies (many of whom advocate merit salary) and his findings support a cynical conclusion (Foulkes, 1980). In almost all cases, merit salary plans include an implicit cost-of-living increase for all workers. In addition, the difference between the highest and lowest salary increase is usually trivial. Plus or minus 2% is a typical spread. If 2% of 15,000 is $300 and a reasonable estimate of federal and state taxes is 20% at that level, then the annual after tax difference between high and low performances is $240. On a monthly basis, merit salary means $20, ($5) a week would separate the best and the worst performer: that's two dollars and change between the best and the average. In fact, almost all workers get the average. Such small differences in merit raises increases testify to the lack of confidence managers have in their own ability to distinguish objective performance differences among their subordinates.

Another testimonial is the passionate, often paranoid refusal of most large employers to allow workers to know what salary increases are given. Ed Lawler of the University of Southern California, the best known psychological expert on the administration of salary plans, argues strongly for organizations to make their salary decisions public. How else can an organization motivate performance with salary, he asks, unless it pays major differences in the size of salary increases between high and low performers and makes these decisions public. How else indeed? The failure of companies (especially non-union companies who are free to act without the constraint of a union) to make such distinctions, or even to let workers know their respective salaries, supports the argument made in the last section. Performance differences are political and therefore controversial. By keeping so-called "merit" salary increases secret, managers avoid controversy. They also preserve the conservative impact on organizational stability that was described above for performance appraisal. To wit, a worker who gets a raise feels he or she earned it as an individual. Pay secrecy keeps him or her from realizing that most other people are getting the same (or nearly the same) increase; and he or she exults in their exceptional--and individual—merit.

9. Promotions Are From Within

Most large employers pride themselves on promoting people from within the ranks of current workers. The advantages of this practice and image in terms of worker commitment and loyalty to the organization are obvious. What is less obvious are the major restrictions placed on promotion in all large employers.

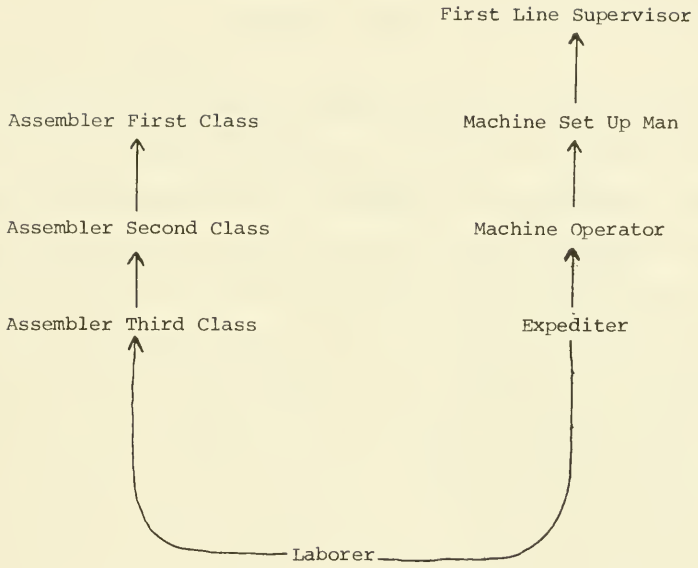
In a recent survey we conducted of management development practices in large private sector employees in the U.S., I was most impressed by the absence of promotion from within. What those words had always conjured up

was the image of the bank teller rising from the ranks to become president. While there exist a few, very highly publicized examples of such movement from the bottom of the organization to the top, the regular practices of hiring, assignment and promotion in large organizations prevent such mobility.

Typically organizations promote managers from two sources, depending on the job to be filled. First-level managers—usually called foremen (even when they're women) or supervisors--are promoted from among the highest skilled, highest paid workers to be supervised. Such blue collar workers are almost never promoted more than one or two levels into the managerial hierarchy. Moreover, given traditional job structures, the holders of most jobs will never be promoted to the high skill, high pay jobs from which supervisors are promoted.

Again Piore and his colleague Peter Doeringer have provided the best description of the rules for job assignment which limit promotion opportunities for most blue-collar workers (1970). Figure I describes such an internal labor market. People assigned to different job hierarchies, either at or shortly after hiring, and those hierarchies largely determine who will acquire skills and, in the present context, become eligible for promotion to first-level management.

However, a second, and in some ways even more pernicious practice, limits promotion from within. Graduates of college, especially professional schools such as engineering and business, are hired by large employers not as managers, but into special positions just below management levels. Formerly called trainees, they now have newer titles to satisfy the appirations of new graduates for immediate job responsibility—budget analyst, assistant store manager, or financial assistant. These newly-hired college graduates, after a year or two of exposure to organizational routines, are usually promoted promptly to management. Promotion from within therefore means the new manager was promoted from a non-management job, even if he or she held the job for a very short time. In terms of the total number of first-level managers, (and the numbers are



Firgure I. Internal Labor Market Restricting Promotion Opportunities to First Line Supervisor

staggering in large organizations, in the thousands) most are former long-service employees. Therefore the proportion of long-service employees in management ranks is high since most managers occupy the first level. However, most higher-level managers are drawn from the college graduates whose nearly entire career in the firm has been as a manager. Figure 2 describes the internal (and external) labor market for managers.

This two-track system for managers affects the former blue-collar worker and the college graduate differently. The blue-collar worker is literally trapped in the middle between non-managers and top managers. Sometime ago, I joined the long research tradition exploring the psychological conflicts experienced by first-level supervisors as they sit on the boundary of management (Driscoll, Carrol and Sproecher, 1978). What never occurred to me then was the upward limit on their mobility. They are probably not conflicted just because they are new managers; they are probably conflicted because they know they can never become real managers. The personnel literature frequently carries articles citing the difficulty in recruiting first-level supervisors from non-management jobs. The solution to the personnel problem is not the training programs so frequently advocated, but a structural change that would allow blue-collar workers to continue true management careers. The promotion-from-within mythology simply encourages the former blue-collar worker to see him/herself as better than other workers over whom he or she was chosen, but, at the same time, to blame him or herself for not being chosen for higher responsibility. Their attention is thus diverted from the structure which limits their opportunity. Interestingly enough, at one time first-level supervisors formed, as consequence of these working conditions, strong unions in the U.S., especially in Ford Motor Company (counterparts exist today in most industrialized nations). However, the Taft-Hartley ammendments in 1947 to the National Labor Relations Act exempted supervisors from protection against discrimination based on union activity. Today a first-level supervisor who complained about the existing structure and gathered a group of his peers together to discuss the problem

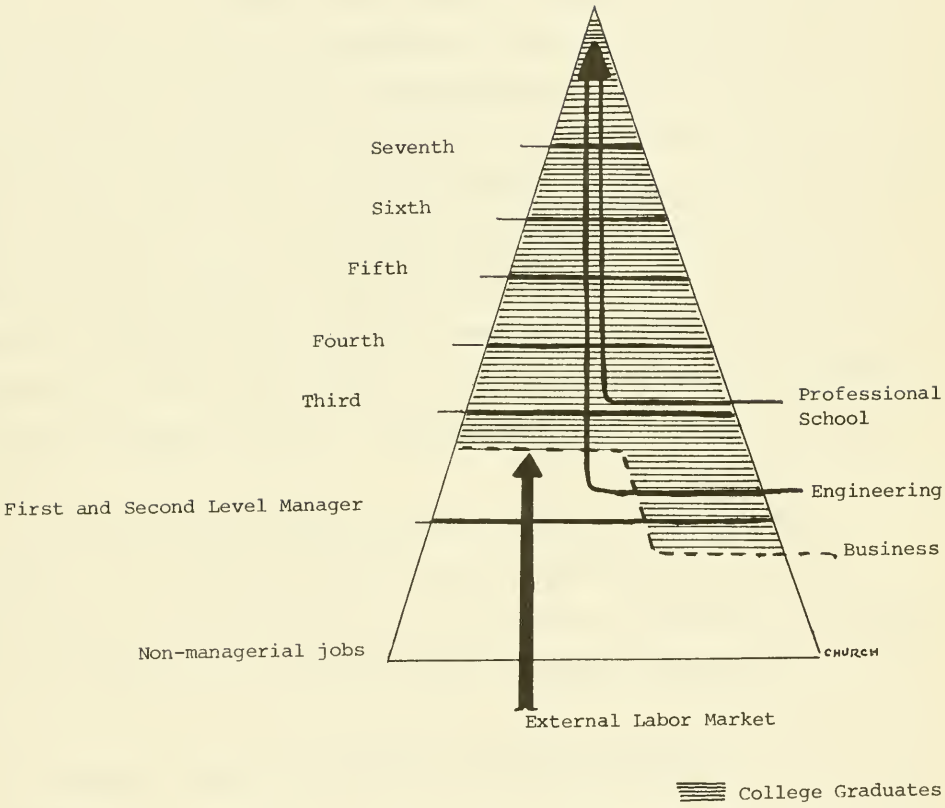


Figure 2: Internal Labor Market for Managers

could be fired as a union agitator and have no legal recourse, regardless of his years of service.

The college graduate is affected by the two-track structure in a complicated way. Of course he or she believes that promotion above his or her peers at the first or second level is based on personal merit, even though the odds dramatically favor their advancement. Their competition, the former blue-collar worker (who represent the large majority of their peers) is excluded from consideration. In addition, the college graduate develops a false sense of identification with the workforce. In fact, he or she has never experienced life as a true rank-and-file worker in the organization. Nevertheless, the brief period of specialized non-management work combines with the myth of promotion from within to convince top management that they truly understand the blue-collar workers. In many cases, they find the blue-collar complaints groundless in terms of their own experience on the college-graduate track.

Of course, the only defense of this two-track system is that college graduates, either because of their training or previous selection based on natural ability, have the skills to be top managers. Unfortunately no empirical research supports the superiority of college graduates as managers.

10. Career Development Lets Individuals Plan Their Futures In Organizations.

Career development means providing individual workers with information about their own skills and interests (based on tests and counseling), knowledge about future job opportunities in the organization, and the chance to influence their own assignment to jobs and training programs. Again, a new army of consultants and popular authors are showing organizations and workers how to implement a career-development program.

The facts about career development are clear from previous sections and will not be repeated here. In large organizations, rigid structures determine who gets what jobs. These structures are rarely explicitly written and reside as much in the shared assumptions and values of top managers, shaped by their unusual personal experiences and progress through the organization. The commitment of any employer to career development can be easily gauged. Worker influence over job opportunities means open posting of job and training opportunities at all levels, open bidding for all openings, and open feedback to applicants of the reason for selecting one applicant over the other.

I have reserved a special section for this human-resource system only to highlight the psychological impact of this myth. Again the individual is portrayed as responsible for his or her organizational destiny. In the words which I have often used in management training programs, "If it is to be, it is up to me". Such personal responsibility discourages collective resistance to organization practices and to attempts to change them. Failure is a personal problem. By contrast, holding top management perogatives is a personal accomplishment.

11. Management Training and Development Prepares the Leadership of Large Organizations.

Large employers invest substantial resources in the development of individual managers. The tuition on the Sloan Fellows Program at MIT exceeds $10,000 for one year during which the manager/student continues to receive full salary, living expenses, and support for education, travel and other expenses (such as entertaining fellow students). During this year, the managers learn about economics, psychology, mathematics, finance, labor relations, marketing, and other disciplines presumably related to their jobs. Similarly, many less expensive programs are offered by an increasing number

of colleges; many companies and government agencies are offering their own in-house programs for supervisors, managers and executives.

Although I may be accused of biting the hand that feeds me, there is no more evidence that managers become more effective as the result of such training than there is for any other training program. Indeed, there is a lingering suspicion on the part of many instructors and participants that there is less tangible impact since the work that managers do is very poorly understood (Minzberg, (1973).

Management development is cited separately as a myth since it directly contradicts the vast body of research accumulated over forty years in organizational psychology on the nature of leadership (Stogdill, 1977). Orginally, psychologists attempted to identify what types of people made effective leaders. That effort failed since effective leaders come from all backgrounds; educational training, ethnic groups, sexes, ages, and personality characteristics. Next, researchers tried to discover what effective leaders did. Again, there was no simple answer—some helped provide direction on a task, while others focused more on the social needs of the groups. The current consensus among most industrial and organizational psychologists is that effective leadership is a characteristic of a work group, not of the individual manager. In effective groups, different members do what is required in a given situation. Some will contribute information about the task; others, or sometimes the same people, will deal with social problems, like the need to relieve tension or provide sympathy.

It is therefore logically useless to take one member of the group away to improve the leadership of the whole group (or department or plant or company). He or she will come back to a larger unit whose capabilities have not changed and who will exert pressure on managers to revert to customary ways of behaving, (Fleishman, Harris and Burtt, (1955). The rationale behind organizatio development (of which more later) is precisely on this point. It is necessary

to develop the leadership capabilities of social units for effectiveness. Despite this logical absurdity, legions of psychologists who are taught to know better, continue to run leadership training courses for individual managers.

The question remains, what is the purpose of such training? Some cynics have claimed they are vacations, time off for good behavior. I offer a cynical, but slightly different interpretation as follows. Management development as a movement supports the dominant mythology in human-resource management. It encourages managers to view the leadership of organizations as an individual effort rather than the collective endeavor research has shown it to be. In addition, selection for a development program signals to a manager that there is something about him or her in particular that stands apart from the mass. Again, the top management of large organizations are persuaded that they have earned the right to control other peoples' lives. In reality, as anyone remotely associated with the administration of training courses knows only too well, selection of participants is often haphazard and always political. Of course, given the political nature of assessing managerial performance, how could it be otherwise?

12. Organizational Development Applies Behavioral Science to Improve the Functioning of the Entire Human Organization

Organizational development has been defined as a planned effort to improve the functioning of an entire organization directed from the top of the organization (Beckhard, (1969). Usually O.D. involves a third party (from outside the target organization whether professor or private professional) and a range of techniques based on the behavioral sciences (interviewing, attitude surveys, participant observation, organizational structure, etc), (Beer, 1980).

Most large organizations employ some behavioral scientists on their staff to provide advice on either the practice or the techniques of organizational development (organizational diagnosis, team building, job redesign, etc).

The reality of organizational development is less benign. There is a strong anti-union thrust to many organizational development efforts. M. Scott Myers and Charles Hughes are the consultants most frequently associated with the use of organizational development to keep unions out. But the problem is more widespread. Some of my best friends from graduate school make or supplement their incomes by keeping unions out of entire companies or specific operations in largely unionized firms. Indeed, the AFL-CIO has begun to publish a regular Report on Union-Busting consultants to warn their membership. The very first issue of the report which I picked up listed the author of one of the best-known organizational texts as an active union buster. I wrote him with the news, but so far he hasn't spoken to me about it.

This anti-union animus is probably more of a symptom than a cause. The more general proposition is that O.D. supports not the entire organization, but top managements' goals, definitions of problems, and range of acceptable actions. Some O.D. consultants claim the organization is their client, but that usually boils down in operation to top management (or the highest-ranking manager who will support the program). Therefore, O.D. is an intensely conservative political force. Rerely is the question asked whether the top management client should resign or whether the rank and file's desire for more pay is a valid organizational intervention. Such changes are, as my O.D. friends tell me, "off limits".

Recently O.D. has entered into the quality-of-work-life area. This expands its product market by segmentation to counter its anti-union image. Quality of work life consultants are O.D. experts who work for a joint union-management

committee to identify and resolve common problems confronting workers and managers jointly. My personal experience colors my judgement on QWL projects. I studied one intensively and it failed, (Driscoll, 1980). More importantly the QWL consultants redefined their mission as O.D. (or, as a cynic might phrase it, took off their sheeps' clothing) and began working on a variety of management problems—team building for the highest manager who supported the QWL project and management development with one of her subordinates. The United Auto Workers report a much more positive experience with QWL, at General Motors, but an objective assessment of that massive effort has yet to be undertaken.

O.D. in general has flourished to help managers and professionals work with one another or to help managers work with non-managers in the absence of a union. Not surprisingly it has been soundly critized for its failure to address issues of power distribution and inequality in organizations. Its focus is the organizational task/mission as defined by managers. The recurrent struggles over the distribution of power and resources that characterize all organizations in industrial societies have somehow escaped the attention of these behavioral scientists. For example, I know of no O.D. consultant who has called for a labor union or even outside arbitration as a means of dealing with individual complaints. To a cynic, simply knowling that an O.D. consultants' paycheck and future billings are provided by managers is sufficient to predict the cosmetic reforms they are likely to recommend.

Thus while O.D. at least reflects the need to deal with human resources on an organization-wide basis, politically it cannot deal with the major problems faced by workers.

13. Organizational Psychology Describes Life in Organizations

Beginning in the late 1940's, a major focus for social scientists was life in the large work organizations that emerged in manufacturing at the end of the 19th century and spread into the government and service sectors as they matured

in the 20th century. While there had already been pioneering work by Roethlesberger and his colleagues at Harvard Business School and by Kurt Lewin at MIT, major research programs blossomed at Michigan, Cornell, Yale, Ohio State and elsewhere. Topics of investigation included leadership, motivation, job satisfaction, absenteeism and job performance. Swarms of newly-minted PhD's carried out the research at a geometrically-increasing number of institutions.

However, as we reflect now on these thirty years of research and ask ourselves what do we know about life in organizations, the answer is "Not much!" If an organizational psychologist claims to know how to increase productivity or decrease absenteeism, he or she is viewed by colleagues as a huckster exaggerating their capability. We can't select, much less train effective leaders; we can't define productivity apart from a political context, much less increase it; and we can't modernize American management, because we don't know what managers do (much less what they should do in more productive and equitable work organizations).

What is the reason for this sad state of affairs? Two explanations cry out for mention: first, the trivial subjects treated by organizational research, and second, the superficial methods of investigation. The most popular subjects of research on organizations continue to be job satisfaction, leadership behavior, motivation, commitment and loyalty. What these subjects have in common is their interest to managers in their political role as holders and maintainers of power in current organizational structure. Rerely do we find subjects of pressing societal concern such as productivity, industrial health, causes of unemployment or inflation. Second, the method most commonly applied to organizations is a questionnaire survey of workers in a single operation. Rarely do we find studies with a long term perspective, focused on obserable behaviors of workers, or examining their detailed beliefs, or aggregating the impact of simultaneous changes in many organizations.

Almost all studies of organizational life focus on individuals. Rarely are work groups the subject and even less frequently is collective action by labor unions studied.

As a consequence, the textbooks in organizational behavior are littered with miniscule average correlations. After forty years of research on job satisfaction, we know that it is unrelated to performance on the job and just barely associated with turnover. Big deal! What is even more disappointing is that organizational psychologists continue to consult for organizations, for example under the quality-of-work-life banner, asserting the opposite of the most durable fact about organizational life, namely that increases in the satisfaction of workers with their jobs will lead to increased job performance. The evidence shows no connection between satisfaction and performance.

It is difficult to treat organizational psychology as anything more substantive than the servant, perhaps even the plaything of power, that Baritz described about twenty years ago (1960). It's a plaything because it cannot answer and rarely even addresses the problems posed by serious managers. Instead, it reflects a narrow set of concerns associated most closely with the personnel departments of large organizations: are the workers happy, and will they actively resist management initiatives? The methods are superficial because in most cases the personnel department doesn't have the clout to demand additional time or involvement from line management for the research.

This subservience of organizational psychology to management in general and personnel in particular is now being institutionalized. More and more organizational psychologists are finding jobs teaching in business schools rather than disciplinary departments such as psychology or sociology. Indeed, the major professional association for organizational psychologists is fast switching from the American Psychological Association to the Academy of Management--an organization for teachers at business schools founded originally for personnel research.

14. Unions Are Out of Date; They Restrict Productivity and Serve No Useful Purpose.

Almost every manager I have encountered in five years at a professional school of management was at least mildly anti-union. This disposition was most evident in the all-out attack on labor unions by the American management community when Congress considered modifying national labor law in 1978. I've encountered attitudes ranging from aggressive opposition—seeking advice on how to decertify unions or defeat union organizing campaigns—to wishful thinking about unions not representing their employees—"Unions served a useful purpose, in the 1930's." Rarely have I found a manager who accepted labor unions as a necessary and desirable institution serving workers interests in an industrialized society. They myth of the union as anachronism requires correction.

To begin with, recent economic research has found unionized workers to be more productive than non-union workers (Brown and Medoff, 1978). This finding appears in all industries studied and holds true whether the analysis looks at entire industries or studies particular plants in detail before and after they are unionized (Clark, 1979).

A landmark study at Harvard Business School thirty years ago first publicized the role of a labor union as a pressure for more efficient management (Slichter, Livernash and Healy, 1960). The recent economic work simply confirms this principle which is generally accepted among industrial-realtions professionals.

This result is not surprising. Since unions win larger salaries for their members, their managers must find ways to increase productivity (output) or revenue to offset that increased cost.

The most likely reason that managers resist unions is not their impact on productivity (which is positive), but their restrictive influence on managers' perogatives. Without a union, a manager is free to direct the workforce as he or she pleases—productively or unproductively. With a union, the manager must

follow negotiated rules in the deployment of workers.

Unions also serve a public purpose by seeking the improvement of working conditions in the society. For that reason, it remains the express national policy of the United States, as stated in the preamble of the National Labor Relations Act to "encourage collective bargaining". Unions are the principal lobbying force behind many laws designed to help all workers, such as civil rights, occupational safety and health and the minimum wage. Of course, modern managers argue that enlightened human-resource management makes unions necessary (I hope my book will dispel that myth) by providing opportunities for decision-making, job enlargement and adequate compensation.

In practice, there are major differences between union and non-union management. In the union shop, a worker can complain about unfair treatment, (e.g. pay raises, promotion, discharge) to a representative with economic power and independent of management. In most union shops, management action can be appealed to a neutral authority, an outside arbitrator, for review and, if necessary reversal. In only one non-union organization, in my experience, has the employer provided such complete due-process protection and that was in the aftermath of a union election campaign lost by a single vote. Instead non-union employers offer the "open-door policy" and "speak up" complaint forms. All these mechanisms leave the ultimate decision to managers. Fred Foulkes' study of non-union employers reviewed such mechanisms and found them generally effective. Yet, even in Foulkes'sympathetic treatment, there emerges a definite fear by workers of employer reprisal for using such mechanisms.

Likewise, progressive non-union employers pride themselves on paying good wages. On closer inspection, good wages mean a combination of policies to pay the prevailing wage in a community and to locate facilities in low-wage areas (rural communities or the Sunbelt region). The net result is that unionized firms are always the wage leaders, setting the pattern either nationally or by industry to which the non-union firms adjust.

A striking example of this wage followership by so called "high-wage" non-union employers comes during government wage controls. Then non-union firms beseige Washington to find out its position on the wage increases the unionized firms will negotiate with their unions. Then the non-union firms offer the same wage to their workers "first" and independent of the union.

Our system of industrial relations is based on the general acceptance of unions. The labor laws impose substantial restraints on collective action by workers on the assumption that managers will deal openly and fairly with workers who desire a collective voice. For example, it is illegal for workers to strike their employer to bring indirect pressure on other firms, say a customer or supplier, who refuses to recognize a union. Workers cannot strike to obtain recognition for a union. Instead, they must go through elaborate, moderate and now long-drawn out process of debate and elections. The recent strikes in Poland would be illegal in the U.S. because the workers occupied their workplaces. In another country, the economic power of a few unions such as the Teamsters could force unionization of many employers.

Today, the aggressive anti-union posture of a number of large employers calls that historic compromise between organized labor and management into question. The myth of union aboslescence may lead to a more militant and more socialistic labor movement in the U.S.

15. Government Regulations of the Workplace is Unnecessary and Wasteful.

By the close of the 1970's American managers were united in the conviction that federal regulation was stifling American productivity. Compliance, especially with the paperwork requirements of the laws on occupational safety and health, equal employment opportunity, and pension protection, is widely treated as the cause of an alleged decline in productivity.

The evidence in support of this myth is specious. All managers can cite examples of a particular problem with employment regulation--OSHA's famous demand for open-fronted toilet seats or an impolite compliance officer for a

local anti-discrimination commission are favorite, almost predictable examples. Managers are much less quick to cite non-regulatory wastes of time and money such as excessive layers of corporate bureaucracy or managerial acquisition of aging plant and equipment in preference over new investment. The evidence of regulatory abuse consists primarily of exaggerated case studies and self-serving compilations of "companys' estimates of the total cost of regulation" as popularized, albeit inaccurately, in still further exaggerated form by Presidential candidate Ronald Reagan.

The academic evaluations of employment regulation are much more balanced. Regulation has little impact on productivity or inflation. Many such estimates report a positive cost-benefit analysis for specific OSHA regulations. Indeed, almost all analyses of the impact of EEO regulations find that non-protected workers—the much pitied white male, aged 35 —benefit as much from improvements, such as job orientation and more considerate supervision, as do females, minorities and the old. Few serious scholars questioned the need for vesting pensions in 1974 despite some unresolved problems in specific industries.

Most employment regulation responds to flagrant abuse of workers. Such was the case with now-accepted prohibitions against child labor, the twelve-hour day and unsafe practices in coal mines. A market economy rewards managers to some extent for how much they can exploit workers—how low wages, how little investment in safety, how small pensions? It is imperative, therefore, that government regulations enforce minimum limits on the treatment of workers. Indeed, the United States lags behind almost all industrialized societies in its regulations of the workplace, including one whose productivity increases are the envy of American management—West Germany. By the German example, we could increase productivity with <u>more</u> regulation of the workplace rather than less.

THE CORE AMERICAN MYTH ABOUT PEOPLE AT WORK

The reader can no doubt deduce some recurring themes in these specific myths about human-resource management. For clarity let me list them here.

1. Individualism

Throughout this culture, employers emphasize the individual and conceal the common circumstances of workers. As one manager in perhaps the most widely-respected non-union U.S. employer once told me: "We never, ever deal with people in groups, not even two. If two people have a complaint, we separate them and treat each individually".

The consequence for workers is unwarranted and displaced feelings. The worker blames him/herself rather than challenging the system that produced the label; likewise the manager takes credit for success rather than questioning the system that gave him or her an advantage over others.

2. Hierarchy

The myths create and perpetuate differences in treatment between people far in excess of their natural endowments. The President of General Motors makes a million dollars, give or take; an assembly line worker, about $20,000. Few people would argue that such differences are fair (especially given all the other benefits associated with the Presidency). At best, they are defended as necessary to attract people to the job. Extreme differences like these are a natural result of a process of invidious distinction throughout the organization. That process inevitably produces a few exceptionally well-treated people (no matter how talented) who believe that, somehow, they deserve such treatment.

Ruth Shaeffer at the Conference Board has found nearly the same exaggerated salary differentials at the top of all large organizations in the U.S., both public and private sectors. `` The creation of hierarchy is universal in our large organizations. The only question is whether this need to create differences between people is innate as some

have argued) or only results from certain institutional practices.

3. Consensus

Human-resource management is uncertain since it deals with human nature. The problem of distributing benefits in society has never been solved rationally. Faced with the need to control human behavior and distribute scarce resources (salary, authority, etc), large organizations have developed particular practices such as those described here. Rather than repeatedly deal with these intractable problems, managers imitate one another's systems and accept unquestionably the assumptions they embody. Once the path of development is beaten by certain human-resource innovators—often the Federal government—an internal logic builds the unfolding development of a whole system as described here. The consensus among American managers over these basic myths is astonishing, given their manifest inaccuracy.

4. Universality

Work organizations in the United States are highly segmented. Look at any organization--take the Sloan School. With few exceptions, the professors are white males, the secretaries white females and black females are found mostly as waitresses upstairs in the faculty club. The few Spanish-speaking Americans wash dishes in the faculty club. There is little mobility out of these segments.

Despite this obvious segmentation, myths about work organizations are universal. "All people can be promoted from within" or "trained to do skilled jobs". Combined with the theme of individualism, the myth of universality encourages people in the disadvantaged segments of the economy to define their problems as personal failure rather than institutionalized discrimination.

5. Free Markets

Underlying human-resource systems, the myths allege the existence of a free market where individuals compete for jobs and employers compete for workers. The impact of well-established institutions controlling these markets are rarely publicized. For example, all large employers participate in salary

surveys and tell one another what they are charging for specific occupations in each industry. This information helps restrain wages in certain jobs despite chronic shortages, such as nurses and secretaries. (The astute reader will note that salaries in male-dominated occupations such as engineering and business management have not been similarly restrained by such mechanisms). Obviously these institutions operate to support the existing segmentation of the labor market.

Besides salary surveys, other institutional constraints on the labor market include labor unions (which for years have practiced discrimination) and professional schools (whose credentials govern access to on-the-job opportunities to learn the professions). Young engineers don't direct engineering projects, medical students don't operate, and young lawyers don't represent clients. Professional skills are learned as they always have been through apprenticeships to practicing professionals. The human-resource practices—as opposed to their myths—of very large employers such as General Motors, AT&T, and the Department of Defense replace free-market transactions.

6. Microscopy

Rarely are the macro-level facts of life at work presented for public discussions. For example, employers zealously guard their Equal Employment Opportunity reports from employee organizations lest the segmentation of job and opportunity by sex and ethnic group be revealed. The objective probability of a new owrker ever collecting a pension from an employer is a difficult number to obtain despite employers' complaints about the pension reform law of 1974. Indeed, one tragic fact of life in large organizations is the large number of workers who die shortly after retirement.

Since employment decisions are made by individual firms, the discouraging aggregation of micro-effects are rarely presented. When they are, they are often distorted. The unemployment rate is the best example of this distortion.

In order to be unemployed, an American worker has to do something tangible to look for work within the last four weeks. A nineteen year old, black male, in Detroit, in 1980, may have searched fruitlessly for a job for the last two years, and hear of massive layoffs all around him. However, unless he looks for work every four weeks, government statistics do not count him as unemployed. He ceases to exist as a member of the labor force. At least there are aggregate figures for the unemployed. There are no macro-level measures of job dissatisfaction, employment discrimination, or salary differentials.

7. Financially-oriented.

Human-resource systems emphasize salary changes and vertical movement within the firm. A workers' salary is taken as a measure of his/her worth and the key personnel decisions are the size of individual annual pay raises or promotion to a higher level.

As a consequence, the attention of workers is diverted from another fundamental issue underlying human-resource decisions, namely control by a few people over the actions and fortunes of most of the people. A worker may be quite satisfied with a pay raise, but never question his or her boss's right to administer the raise or more generally to direct the worker's activity. The focus on salary to the relative exclusion of other decisions within work organization is as true of labor unions in the United States as it is of individual workers. To a very large extent, American unions' acceptance of market-based capitalism includes unthinking support for the human-resource mythology butressing that economic system.

8. Managerial

Needless to say the most common thread connecting these myths is the exultation of top management. The man (most frequently not a woman) at the top has emerged from careful screening based on objective performance, trained

for his job, and rewarded only in proportion to his accomplishments. In short, those who are in power, deserve to be.

Worker associations and unions have demanded alternative human-resource systems like promotion and layoff by senority, across-the-board salary adjustments, and affirmative actions to hire and promote the disadvantaged. Such practices are widely assumed to impair productivity and kindle unrest, despite the empirical evidence supporting unionized workers'edge over the non-unionized in productivity.

9. Internalized Control

The United States is a relatively decentralized economy. Individual firms are free to make economic decisions on what goods to produce and by what method of organization. From a political perspective on the society, the critical question is always: How does the society keep individual workers convinced that the current economic system, complete with its dominant elites, is just and equitable? In a centralized, planned economy the government can state that message explicitly and reinforce it by state-controlled practices of recruitment, training and promotion. In the U.S., the individual firm must accomplish that same objective in order to keep its own workers from challenging the current distribution of power.

Current human-resource myths and the factual practices which they distort accomplish that objective. Both the powerful and the powerless become convinced that their fate reflects the impartial working of a meriocratic system. Sennett and Cobb have already made this point about why workers don't challenge the society which frustrates them, (1972). I am arguing that the principal mechanism for social control as well as the most visible potential object for worker resistance is the human-resource management system. Charles Perrow has already argued that managers are tightly circumscribed in their task-related decision making by their prior experiences. I am adding two points.

First, I believe that the most basic element of internalized social control of managers is their belief that they have the legitimate right to power. Combined with the internalized responsibility of workers for their failures, the support of the system is complete. And second, I believe that human -resource management systems and their surrounding myths are the principal means by which this most basic form of social control is exercised.

IMPLICATIONS

The Current Situation

The human-resource system is increasingly dominating the U.S. economy as the proportion of unionized workers shrinks and as the proportion of workers covered by full civil-service guarantees also declines. (Contrary to popular opinion, the recent growth in government workers has largely been in state and local government and among probationary employees at that level. These probationary workers have no protection against discharge).

Most new jobs are in the white collar and service sector where the mythology of human-resource management predominates.

The consequences of human-resource systems, as currently practiced, contradict the mythology at every point. Discrimination abounds based on race, sex, ethnicity, education level and age. Productivity is imparied by the frustration engendered in most workers by the system and the narcissistic myopia spread among managers. Rather that encouraging"change"(which is the buzz word justifying many human-resource practices), the system is profoundly conservatice. The existing dominance of the economy by large corporations and the internal dominance of these corporations by a managerial elite is buttressed by human-resource managers. The mass of organizationally discouraged workers learns not to question managers; the managers learn that their actions are not to be questioned, including the narrow financial yardstick against which they learned to measure their own performance.

Change

It is obvious that change in human-resource management is difficult because the existing system protects the interests of the current, dominant elite in powerful, large organizations. For example, because of this paper, I do not expect many more of the lucrative consulting contracts tinkering with corporate human-resource systems which make life rewarding, extrinsically as well as intrinsically, for professors of management. Nonetheless, there are some equally obvious interest groups who might seek change.

Shareholders

Other than top management, many other groups (all currently disenfranchised, at least in part by human-resource management systems) share in the control and surplus generated by large organizations. The stockholders suffer from low productivity and waste inherent in the system. The government tolerates the inequities generated by the system as well as the difficult tradeoffs necessitated by low total output of the soceity. And the workers suffer the personal, but unwarranted frustration engendered by the system as well as their small share of the economic surplus.

The one step all shareholders can take is to point out that the emporer is not wearing any clothes. The core myth of human-resource management is that top managers deserve to have power. It just ain't so! Any mechanism by which shareholders can insist on empirical objective examination of the system by which organizational stratification is created (job evaluation, salary surveys and organizational redesign) or filled with people (recruiting, selection, performance appraisal, and promotion) will demonstrate the falsity of that myth. Of course, the trick is to get objective data.

Two specific strategies are government regulation and unionization. The Equal Employment Opportunities Commission working with other civil rights agencies at all levels of government has demonstrated the empirical weakness

of recruiting and hiring systems. Now they have shifted their attention to job evaluation. Their basic tools are the generation of objective information (by themselves and by the lawyers for workers) through the threat of court action or economic sanction. Unionization relies on economic power to demand changes even in the absence of damaging objective information in order to accomplish the objectives of membership. So far, white collar workers have not turned to unions in large numbers, so the principal means of influence remains legislation.

Teachers

Before perpetuating both the myths and the practices described above, professors of management would do well to review the empirical literature supporting (or more likely questioning) their presumptions. This paper suggests sources for this review.

Researchers

Implicit throughout this paper is a redirection of organizational research. The generalizations underlying modern human-resource management require scrutiny rather than fine-tuning. Most importantly, research must move beyond the conservative, managerial agenda characterizing current efforts. One example is a more macro-level focus that considers the external impacts of internal organizational practices, (Nord,1979). Just once, I would appreciate a demographic breakdown on the population under investigation in everyday language. Such a description might read, "The subjects were teen-aged females who received the minimum wage and usually worked 6 - 18 months at a stretch. The skilled workers were male, high school graduates with twice the wages (and triple total earnings) of assembly workers. Management was largely drawn from engineering schools except for the first-line supervisors who were experienced skilled workers". It would certainly put in perspective all the subsequent attitude questionnaires about "your chances for promotion".

Another desirable change would be the rediscovery of the work group whose absence is regularly lamented in organizational psychology. The best study of the psychology of manufacturing work groups is 25 years old and there is no comparable study of white collar groups (Sayles, 1958).

The shift away from the managerial agenda has one strong implication: to study the sleasy side of managerial behavior. Think for a minute about your own boss. Hasn't s/he pulled a stinker or two? Well, to read organizational psychologists who purport to spend every waking moment observing selected managers, you would think managers were saints, (Mintzberg, 1974). No violations of labor law appears (firing union agitators, questioning new workers about their feelings about unions), no arbitrary personnel actions (granting extra vacation days to a favored subordinate), no hint of corruption (padding expense accounts, gifts to purchasing agents). Either these researchers picked unrepresentative samples or the estimates of white collar crime are grossly exaggerated.

Where are the studies of how managers keep unions out of their sun-belt plants? Or how managers violate age discrimination statutes to save pension costs? Must we always wait for courts convictions and consent degrees to question our haloed concept of the manager?

Change Agents

Since this paper is prepared for presentation to organizational development consultants, the possibility deserves mention for consultants to change organizations in a more humanistic and productive direction by working for other clients than managers. Labor unions could use the behavioral-science techniques of organizational development to the receptivity of unorganized workers to unions (one of our graduate students has prepared a short paper on this topic). Where unions have bargaining rights, consultants might point out alternative human-resource systems as bargaining objectives. Government agencies, like the EEOC could use the

sophistication of consultants to develop ways to induce change in employers. What, for example, would be the most effective confrontation meeting between a compliance officer and the accused employer? To my knowledge only a handful of O.D. consultants serve non-managerial clients (apart from the previously discussed and highly suspect quality-of-work-life programs). This supports my assertion that O.D. consultants serving managers (especially top management) are opponents,not advocates of change.

Of course, what is suggested by this critique in general is a radical restructuring of the way people are managed and controlled at work.

A NEW FORM OF WORK ORGANIZATION

An initial disclaimer is in order before I outline the new system of human-resource management implied by my crituque. This paper does not pose a choice between capitalism and socialism. This critique transcends the particular ownership a society assigns to the means of production. A recent trip to Yugoslavia convinced me that common ownership of large work organizations does not automatically improve human-resource management. Indeed, based on written accounts, Russia, China and Cuba experience similar problems.

It may be, however, that a switch to socialistic control is a prerequisite to constraining the power of top management. That challenge confronts capitalism in the U.S. today. Is it possible to restructure work organizations to make them more humane and efficient in the context of capitalistic wonership?

The basic principles of a new work organization are the subject of lively thinking, innovation, and research in the U.S. and abroad. Paul Bernstein (1976) has proposed the clearest analysis of a democratic work organization. The present review places more emphasis on human-resource systems. Those systems in a better work organization would rearrange information, production, benefits, and community relations.

INFORMATION

The basis for power and control in large organizations is information. At present, human-resource systems restrict and manipulate information to support their mythology. An alternative work organization would rest on the free flow of information about opportunities, performance and reward.

For example, the posting of all transfer, promotion and training opportunities would reduce the control of top management over the selection of promoted workers with its subsequent impression of their specialness. Not only the opening, but the applicants, the discussion and the basis for the decision would be made public.

Higher education is an excellent example of the difficulty. Both admissions committees for students and promotions committees for faculty refuse to make their evaluations public. Students have to sign a waiver of their legal right to the information; junior faculty are told they have no right to letters evaluating their work. They hypocracy of such secrecy in a system touted as objective is obvious.

Publicizing the basis and results of selection decisions would demonstrate the inevitable personal biases in such decisions and expose those selected as similar in most respect to those not selected. Maintaining the myth of the exceptional individual in the face of such subjective factors would be difficult. In the long run, reduction in status differentials would seem inevitable.

The same argument applies to the public disclosure of all salary and benefit decisions as well. Already, there is a movement by critics and defenders of American management to reduce the growing disparities between chief executive officer and worker. The focus is on the handful of top managers because only their compensation package must now be revealed to the Securities and Exchange Commission. Similar pressure can be anticipated if the high

salaries of private middle-managers were made public. Exactly such pressures from publicity has appeared in the public sector where salaries have been severely constrained at the middle-manager level relative to comparable jobs in the public sector.

Another aspect of open information is the right to gain outside review of human-resource decisions. At present, such review is limited to unionized workforces and those with full civil-service protection. The remainder, the vast and growing majority, can be laid off, fired, transferred, or passed over with no objective (neutral) review of the facts in the case.

A woman or minority member may decide to bring outside legal action for review. However, the record of such reviews is spotty at best. Doug Brown (1960) went back five years later to find out what happened to people who complained to one government agency, the National Labor Relations Board. His findings were compellingly simple. He couldn't find the people. They didn't work with the employer they had accused any longer.

Therefore, some formal internal complaint mechanism supported by a non-management body and culminating in a neutral review is prerequsite for open information in work organization.

The non-management body for the complaint mechanism is some collective representative such as a union or employee association. Without such a countervailing force representing worker interests it is difficult to see how the right to complain can be supported. One essential component of the model of organization proposed here, regardless of the ownership of the means of production, is collective bargaining agents for <u>all</u> classes of workers - non-managers and managers alike.

The purpose of each of these information structures is to make human-resource management much more a worker initiative based on objective information and, if necessary, formal and adversarial advice from a collective-bargaining agent.

Production

The design of production determines the distribution of job opportunities available to workers. As I have argued elsewhere about the evolution of technology in office automation, advances in physical science do not determine the social structure of work organizations (Driscoll, 1980). It is possible both to influence the path of technological development and to moderate the impact of technolgoy on organization (Driscoll, 1979). Davis,(1972), and Walton, 1975, have made this latter point common knowledge to organizational psychologists. What remains is to implement these ideas in the redesign of production systems.

Well-known concepts include individual job enlargement and the creation of autonomous work groups around production tasks.

At the individual level, job enlargement means fighting specialization as the logic of clustering tasks into jobs. When a job is highly routine and deals with a small piece of the production process, the job holder can never learn much about the larger mission and structure of the organization, (Piore, mimeo). Such jobs set the stage for subsequent failure by the job holder in the human-resource systems of job evaluation, performance appraisal and promotion.

Autonomous work groups extend this principle to groups of workers. These groups share specific jobs, plan, budget, check quality, hire, discipline and elect group leaders. Within these groups there are few status or salary differences among experienced workers.

Decentralization within the work site is the logic of job enlargement (to individuals) and autonomous work groups (to groups). Both liberals and conservatives today also argue for a decentralization within the economy to local production units. The massive corporate staff overhanging local units can be cut substantially. More importantly the local unit can respond more quickly to changes in the market place and technology. However, government contracting

and regulation now favors organizational centralization and must be reversed for the logic of internal decentralization to proceed.

What remains is to expand these egalitarian job structures of job enlargement and autonomous work to the plant and corporate level. In Yugoslavia, a plant manager is picked by elected worker representatives. Who should be better informed about the leadership requirements of the plant than the workers?

An additional control over supervision beyond election would be mandatory rotation back into subordinate positions. Although Mao Tse Tong gets intellectual credit for the need for rotating managers and technicians,every work organization has its own revision of the directive.. My favorite is military, that generals should be required to lead attacks in combat. Professors are chastized (and properly so) for never practicing the jobs they advise. Universal wisdom, then, prescribes a rotational organizational hierarchy, that does not alienate managers from their subordinates.

Affirmative action plans are required to reduce the current rules restricting movement of workers out of dead-end jobs into all work organizations. Ultimately, it will become clear that the structure of jobs, not the particular occupants, is the problem. As women and blacks move out of dead-end jobs, the young, the aged, the El Salvadorians or some other disadvantaged group will take their place and suffer the same fate. Ultimately affirmative government action will have to deal with structural roots of inequity, rather than its constantly changing victims.

Rewards

Implicit in a more open and egalitarian work organization is a more egalitarian distribution of benefits -- salary, fringe benefits, and status symbols. The Swedish labor movement for some years has pursued a strategy of reducing pay differentials between skilled and unskilled workers. Such a conscious policy is required in the face of a job evaluation practice preserving existing differentials.

Likewise the distribution of amenities in work organization is skewed. I once asked a secretary at MIT what one thing she would like changed about her job -- I was trying to demonstrate the importance of pay raises -- and she said "a door." Privacy, travel, entertainment, meals, furnishing -- a range of rewards is distributed among workers usually with the few at the top getting most of the benefit.

Community Relations

Besides reorganization of the internal structure, a new form of work organization would have to relate differently to the surrounding community. In some sense, this is simply an extension of open and egalitarian structures of information, production and reward, but I will mention it briefly here as a separate topic.

At present, a few key managers interact with the political, economic and social community. Managers know the issues in political campaigns and represent the organizations position in community decisions over taxation, pollution, transportation and education. Workers are assumed to have other voices -- the union, political parties, civic association. As a consequence, the economic "vote" of the worker is cast by management and, in practice, workers remain ignorant of most community decisions. The narrow hierarchy of the work organization creates a narrow hierarchy in the community.

As an alternative work organizations would have to broaden the range of participation by workers in community affairs. Such participation occurs now only under duress, such as a threatened plant closing. The alternative would be regular worker task forces on community issues like child care, zoning, and sources of organizational funds. Only by regular involvement and education would the worker avoid the powerlessness which inevitably springs from the manager's role as the sole source of information about external affairs. Community relations is proposed here to indicate a major area for reorganization

of the balance of power in work organization.

Summary

The astute (and persistent reader) will recognize substantial overlap between this new form of organization and some new plants built by large corporations in the Southern United States to embody the findings of behavioral science research:

- enlarged individual job responsibilities
- autonomous work groups
- elected group leaders
- minimal status differentials
- wide sharing of information
- reduced salary differentials
- job posting

This independent development confirms my critique. Where innovative organizations have freed local decision makers to design human-resource management systems based on empirical research, the systems violate both the myths and the practice of current U.S. management. Not surprisingly these plants are frequently very highly productive and just as frequently encounter resistance from higher-level management.

The choice facing the U.S. economy is clear. Do we perpetuate the current myths about people at work with their inevitable consequences of stratification, frustration and stagnation? Or do we redesign work organizations as more open and egalitarian along the lines sketched briefly in the closing section.

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